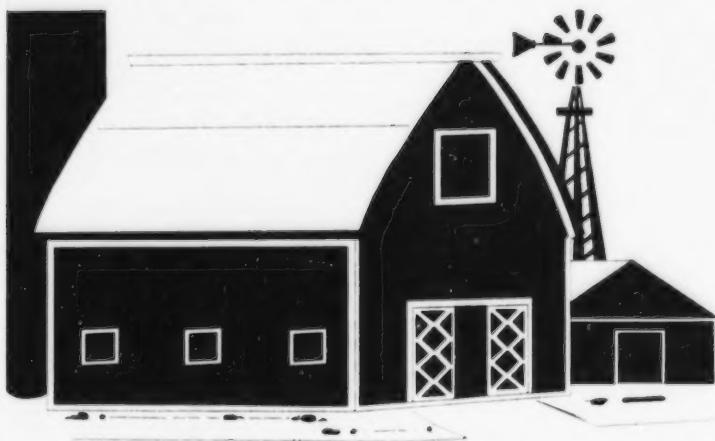


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**1998**

*Nova Scotia Farm Management  
Analysis Project*



October 1999

Nova Scotia Department of Agriculture and Marketing  
Agricultural Development Branch  
Business Management and Economics Section  
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Truro, NS B2N 5E3  
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**NOVA SCOTIA FARM MANAGEMENT  
ANALYSIS PROJECT**

The Nova Scotia Farm Management Analysis Project, or **FMAP**, is designed to assist Nova Scotia farm managers develop their business management knowledge and skills.

FMAP provides farm managers with a farm planning tool from which data is gathered. The compiled data gives a comparative analysis with similar farm businesses as well as a complete financial and production summary of their own business. A year-to-year analysis of business performance improves the farm manager's ability to recognize and react to opportunities resulting from change.

In 1998, 121 individual farm businesses participated in the Farm Management Analysis Project. Participants ranged from smaller part-time businesses to large multi enterprise farms.

At present, the FMAP is available to all Nova Scotia dairy, hog, beef, mink and tree fruit producers.

For further information, contact the Business Management & Economics Office at (902)-893-6580.

### Formulas Used To Calculate Financial Analysis

#### 1. Liquidity

**Current Ratio** = Current Assets  $\div$  Current Liabilities

- The current ratio measures the business' ability to meet financial obligations as they come due without disrupting normal operations.
- If the ratio is greater than 1, the business is considered to be liquid. A ratio of less than 1 may indicate a potential liquidity problem.

**Working Capital** = Current Assets - Current Liabilities

- Working capital is the cash available to the business to meet financial obligations as they come due without disrupting normal operations.

#### 2. Solvency

**Percent Equity** = Owner's Equity  $\div$  Total Assets  $\times 100\%$

- Percent Equity is a measure of the owner's equity in the business. It measures the proportion of total assets financed by the owner of the business. A higher percentage indicates lower financial risk.

**Debt to Equity** = Total Liabilities + Owner's Equity

- The debt to equity ratio is a measure of the extent to which creditors have financed the business compared to the owners. The higher the value of the ratio, the greater the proportion of financing that has been provided by creditors.

#### 3. Profitability

**Return on Assets** = (Net Income + Interest - Value of Operator and Unpaid Family Labour)  $\times 10 \div$  Average Total Assets for the Period.

- Return on assets shows the business' ability to earn a return on its total assets. The higher the value, the greater the return on assets. The value of operator and unpaid family labour reflects the value in the local marketplace for similar work. This was assumed to be \$8.hr.

**Return on Equity** = (Net Income - Value of Operator and Unpaid Family Labour)  $\times 100\% \div$  Average Owner Equity.

- Return on equity provides a measure of the return to the owner on his/her investment in the business. The higher the percentage, the greater the return on equity.

**Capital Turnover** = Revenue  $\div$  Total Assets

- This ratio indicates the extent to which a business utilizes its assets to generate revenue. A high ratio indicates efficient use of assets.

#### 4. Financial Efficiency

**Contribution Margin** = Contribution Margin  $\times 100\% \div$  Revenue

The contribution margin percentage measures the financial efficiency of the business in terms of funds generated directly from operations. The higher the ratio, the more efficient the business.

**Capital Replacement, Personal Exemption & Debt Servicing Margin** = Net Income + Interest on Term Debt + Depreciation

This amount represents the dollars generated from operations that are viable to cover capital replacement, withdrawals for personal living expenses, and to make annual payments on all debt.

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*Dairy  
Farm Business  
Management  
Analysis*



**1998 Dairy Farm Business Analysis**

**Income Statement**

	Total	Per Cow	Per HL
<b>REVENUE</b>			
Milk Sales	\$250,497	\$4,282	\$55.24
Milk Subsidies	8,409	144	1.85
Other Milk Revenue	644	11	0.14
Livestock Sales	18,252	312	4.02
Crop Sales	5,210	89	1.15
Grants and Subsidies	4,955	85	1.09
Miscellaneous	17,939	307	3.96
<b>TOTAL REVENUE</b>	<b>\$305,907</b>	<b>\$5,229</b>	<b>\$67.46</b>
Plus: Inventory Change	\$5,647	\$97	\$1.25
<b>GROSS FARM REVENUE</b>	<b>\$311,554</b>	<b>\$5,326</b>	<b>\$68.70</b>
<b>OPERATING EXPENSES</b>			
Feed & Supplements	\$56,202	\$961	\$12.39
Crop Expense	18,265	312	4.03
Livestock Purchases	3,829	65	0.84
Milk Hauling	9,580	164	2.11
Milk Marketing Costs	5,391	92	1.19
Vet and Medicine	5,283	90	1.16
Breeding	3,867	66	0.85
Dairy Supplies & Services	7,399	126	1.63
Truck & Auto Expense	5,287	90	1.17
Tractor & Machinery Repairs	14,680	251	3.24
Building & Fence Repairs	5,962	102	1.31
Operating Interest	3,687	63	0.81
Custom Work	6,586	113	1.45
Hired Labour	25,407	434	5.60
Utilities	6,728	115	1.48
Miscellaneous	7,264	124	1.60
<b>TOTAL OPERATING EXPENSES</b>	<b>\$185,416</b>	<b>\$3,169</b>	<b>\$40.89</b>
<b>NET OPERATING INCOME</b>	<b>\$126,138</b>	<b>\$2,156</b>	<b>\$27.81</b>
<b>FIXED EXPENSES</b>			
Rentals & Leases	\$5,589	\$96	\$1.23
Insurance & Taxes	7,064	121	1.56
Interest	28,653	490	6.32
Depreciation	31,145	532	6.87
<b>TOTAL FIXED EXPENSES</b>	<b>\$72,452</b>	<b>\$1,238</b>	<b>\$15.98</b>
<b>NET INCOME (LOSS)</b>	<b>\$53,687</b>	<b>\$918</b>	<b>\$11.84</b>

*1998 Dairy Farm Business Analysis*

**Balance Sheet**

	<b>1998</b>
<b>CURRENT ASSETS</b>	
Cash	\$1,361
Accounts Receivable	7,935
Inventory (Note 1)	
Livestock	109,391
Crops and Supplies	33,020
	142,411
<b>TOTAL CURRENT ASSETS</b>	<b>\$151,707</b>
<b>LONG TERM ASSETS</b>	
Machinery & Equipment (Note 2)	\$98,059
Buildings (Note 2)	83,848
Land (Note 2)	106,965
Milk Quota	200,383
Co-op Dairy Investment	42,748
<b>TOTAL LONG TERM ASSETS</b>	<b>\$532,003</b>
<b>TOTAL ASSETS</b>	<b>\$683,710</b>
<b>LIABILITIES AND OWNERS' EQUITY</b>	
<b>CURRENT LIABILITIES</b>	<b>\$42,846</b>
<b>LONG TERM LIABILITIES</b>	<b>401,458</b>
<b>TOTAL LIABILITIES</b>	<b>\$444,304</b>
<b>OWNERS' EQUITY</b>	<b>\$239,406</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<b>\$683,710</b>

	<b>Top 25% Per Cow</b>	<b>Top 25% Per HL</b>
Total Assets	(\$12,829)	163
Total Liabilities	(\$5,364)	68
Fixed Expenses as % of Total Cost	(29%)	
Variable Expenses as % of Total Cost	(71%)	

(1) Livestock inventory includes all breeding stock, market livestock and animals retained for replacements. Crops and supplies inventory includes all feed, fertilizer and supplies. Inventory values are based on an estimate of Fair Market.

(2) Land is valued at its original cost. All depreciable assets are valued at cost less accumulated depreciation or book value. The book values are taken from the Capital Cost Allowance (CCA) schedules in the income tax returns.

**1998 Dairy Farm Business Analysis**

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**Financial Analysis**  
**Top 25% Farms**

<b>Financial Measure</b>		<b>1998</b>
1. Liquidity:		
Current Ratio		4.0
Working Capital	(\$)	129,391
2. Solvency:		
Percent Equity	(%)	58
Debt to Equity Ratio		0.7
3. Profitability		
Return on Assets	(%)	10.4
Return on Equity	(%)	13.5
Capital Turnover	(Times/Yr)	0.4
4. Financial Efficiency		
Interest as % of Revenue	(%)	6
Contribution Margin	(%)	49
Capital Replace., Personal Exp. & Debt		
Servicing Margin	(\$)	155,082

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*Dairy*

Production Management  
Top 25% Farms

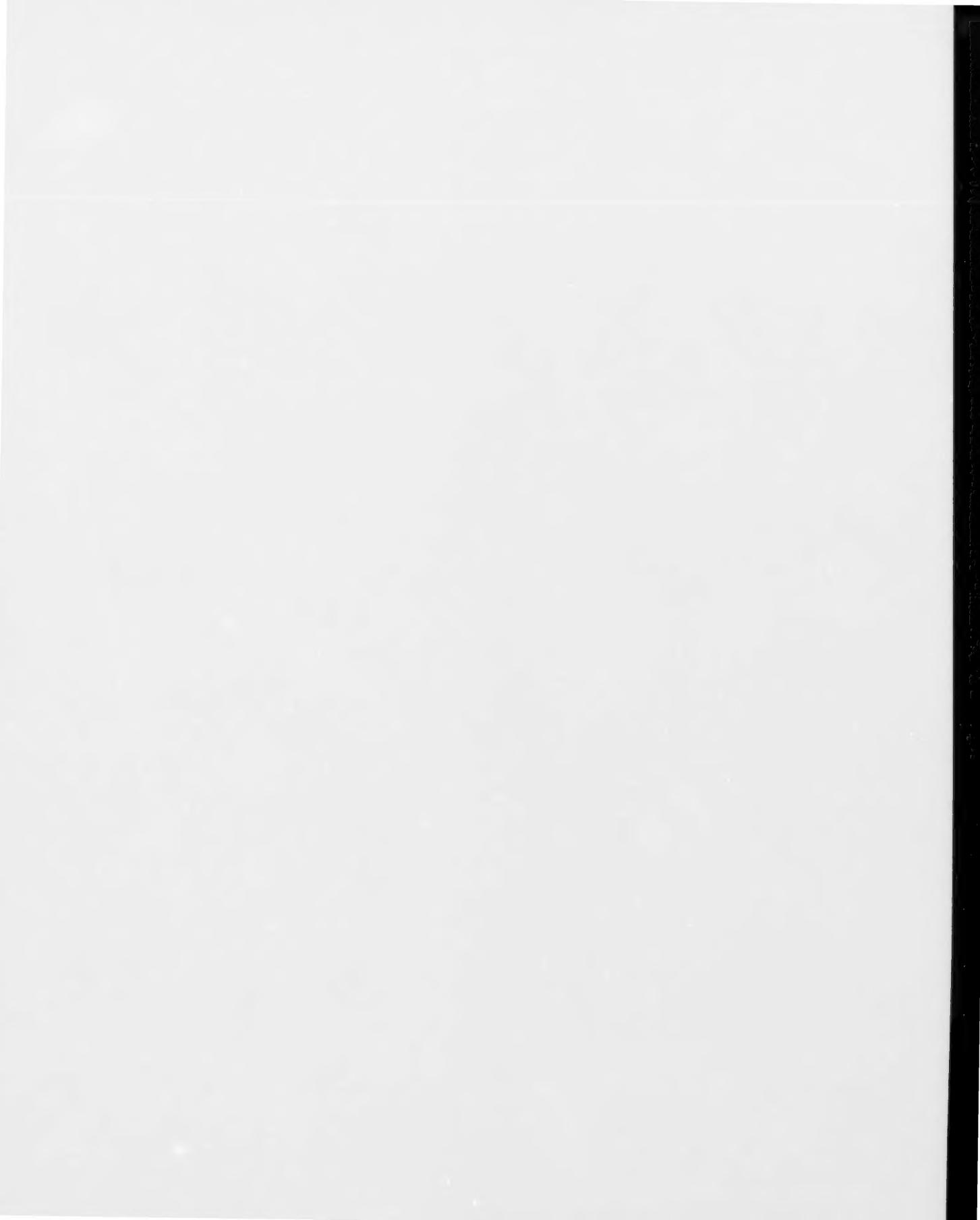
<b>(A) Milk Production</b>				
Cash Expense	(\$)	198,960	Less: Milk Receipts	(\$)
Depreciation	(\$)	38,824	Net Return	(\$)
Inventory Change	(\$)	(11,676)	Average # of Cows	(hd)
Interest on Equity (1)	(\$)	20,334	Milk Sold per Farm	(HL)
Unpaid Family Labour	(\$)	5,892	Milk Sold per Cow	(L)
Operator Labour (2)	(\$)	35,000	Kgs of Butterfat Produced	(kg)
Less:			Kgs of Butterfat per Cow	(kg/cow)
Sales (Excl. Milk)	(\$)	57,774	Net Cost per HL of Milk	(\$/HL)
Net Cost of Producing Milk	(\$)	229,560	Net Cost per KG of BF	(\$/KG)
<b>(B) Production Analysis</b>			<b>Per Cow</b>	<b>Per HL</b>
Feed Expense		(\$)	810	10.27
Crop Expense		(\$)	312	3.95
Machinery Expense (Excl. Depreciation)		(\$)	227	2.88
Total Feed & Crop Expense		(\$)	1349	17.10
<b>(C) Labour Analysis</b>				
Hired Labour		(PE's)	0.6	
Unpaid Family Labour		(PE's)	0.3	
Number of Operators (3)		(PE's)	1.7	
Total Labour Units		(PE's)	2.6	
Hired Labour Expense		(\$/hr)	12.87	
Total Hired Labour Expenses		(\$)	21354	
Cows Per P.E. (3)		(hd)	23	
Milk Sold per P.E.		(HL/P.E.)	1784	

- (1) Interest on equity is assumed to be 5%.
- (2) A standard figure of \$21,000. for one P.E. per year is used.
- (3) One P.E. (Person Equivalent) is equal to 2600 hours of labour per year, i.e. 50 hours per week times 52 weeks per year. One operator was assumed to be equal to one person equivalent.

Management Factors (By Farm Size)		Farms < 50 Cows	Farms 50-80 Cows	Farms > 80 Cows
<b>Production Analysis</b>				
Average Number of Cows	(hd)	40	61	95
Milk Sold per Farm	(HL)	3,037	4,728	7,546
Milk Sold per Cow	(L)	7,570	7,768	7,905
Kgs of Butterfat Produced per Farm	(kg)	11,307	17,727	27,891
Kgs of Butterfat Produced per Cow	(kg)	282	291	292
Average Kgs Shipped per Day	(kg/day)	31	49	76
Average Butterfat Test	(%)	3.72	3.75	3.70
<b>Investment Analysis</b>				
Average Investment per Cow				
Current Assets	(\$)	2,299	2,644	2,813
Machinery and Equipment	(\$)	1,605	1,402	2,195
Land and Buildings	(\$)	3,610	2,599	3,998
Co-op Investment	(\$)	715	692	812
Quota Investment	(\$)	2,772	3,462	4,024
Total Invested Capital Per Cow		11,000	10,798	13,842
Total Liabilities per Cow	(\$)	6,694	7,953	7,939
Owners' Equity per Cow	(\$)	4,306	2,845	5,903
Return on Invested Capital	(%)	5.7	8.8	7.4
Return on Owners' Equity	(%)	3.7	14.0	8.8
<b>Labour Analysis</b>				
Hired Labour	(PE's)	0.5	0.9	1.3
Unpaid Family Labour	(PE's)	0.3	0.2	0.3
Number of Operators	(PE's)	1.2	1.3	1.6
Total Labour Units	(PE's)	2.0	2.4	3.2
Hired Labour Expenses	(\$/hr)	11.27	10.70	14.66
Total Hired Labour Expenses	(\$)	15,903	23,934	51,268
Cows per PE	(hd)	20	26	29
Milk Sold per PE	(HL/PE)	1,492	2,005	2,325

Management Factors		1998 71 Farms	1997 76 Farms	1996 80 Farms	1995 95 Farms
Cows per Farm	(#)	59	59	63	57
Milk Sold per Farm	(HL)	4535	4,462	4,727	4,193
Milk Sold per Cow	(L)	7752	7,515	7,460	7,304
Milk Sold per Cow	(\\$)	4282	4,166	4,289	4,281
Purchased Feed per Cow	(\\$)	961	987	999	876
Purchased Feed per HL Milk Sold	(\\$)	12.39	13.13	13.40	11.99
Crop Expenses per HL Milk Sold	(\\$)	4.03	4.65	4.24	4.16
Machinery Expense per HL Milk Sold	(\\$)	3.24	3.35	3.39	3.18
Total Feed & Crop Expense per HL	(\\$)	14.42	21.14	21.03	19.33
Hired Labour - Person Equivalent	(#)	0.9	0.9	0.9	0.8
Operator & Family Labour - Person Equivalents	(#)	1.4	1.5	1.5	1.4
Milk Sold per Person Equivalent	(HL)	2183	1,865	1,950	1,850
Cows per Person Equivalent	(#)	27	25	26	25
Total Farm Income	(\\$)	311554	290,203	317,323	290,622
Total Farm Expense	(\\$)	257868	242,844	177,746	237,575
Net Farm Income	(\\$)	53687	47,360	59,793	53,047
Total Farm Income in \\$/HL	(\\$)	68.70	65.04	67.13	69.31
Total Farm Expense in \\$/HL	(\\$)	56.87	54.42	54.48	56.66
Net Farm Income in \\$/HL	(\\$)	11.84	10.61	12.65	12.65
Net Farm Income as % of Sales	(%)	17.2	16.3	18.8	18.3
Variable Cost as % of Total Sales	(%)	72	61.0	57.9	60.3
Fixed Cost as % of Total Sales	(%)	28	22.7	23.3	21.4
Total Assets	(\\$)	683710	589,181	633,825	599,274
Total Liabilities	(\\$)	444304	375,429	395,645	320,522
Total Equity	(\\$)	239406	213,752	238,180	278,752
Equity in Farm Business	(%)	36	36.3	37.6	46.5
Return on Equity	(%)	9.0	9.00	13.24	9.78
Return on Assets	(%)	7.6	7.30	9.72	8.24
Capital Turnover	(YRS)	0.4	0.5	0.5	0.5
Total Assets per HL	(\\$/HL)	151	132	134	143
Liabilities per HL	(\\$/HL)	98	84	84	76
Operating Expense Ratio	(%)	64	65.2	61.7	63.7
Total Liabilities/Gross Revenue		1.4	1.3	1.2	1.1
Cost Control (Net Income/Total Expenses)	(%)	17	16.3	18.8	18.3
Degree of Leverage (Contribution Margin/Fixed Expenses)		1.7	1.72	1.81	1.85
Working Capital	(\\$)	108861	109,698	125,277	101,777
Current Assets/Current Liabilities		3.4	5.2	4.2	4.4
Total Assets/Total Liabilities		1.5	1.6	1.6	1.9
Debt/Equity		0.7	1.8	1.7	1.1

*Mink*  
*Farm Business*  
*Management*  
*Analysis*



*1998 Mink Farm Business Analysis*

**Income Statement**

	Total	Per Breeding Female*	Per Mink Produced**
<b>REVENUE</b>			
Pelt Sales (Note 1)	\$189,529	\$124.92	\$36.59
Breeding Stock	731	0.48	0.14
Other Mink Sold	0	0.00	0.00
Feed Sales	7,704	5.08	1.49
Subsidies	2,497	1.65	0.48
Miscellaneous	6,028	3.97	1.16
Adjustment for Inventory Change	7116	4.69	1.37
<b>TOTAL REVENUE</b>	<b>\$213,605</b>	<b>\$140.78</b>	<b>\$41.24</b>
<b>VARIABLE COSTS</b>			
Breeding Stock Purchases	\$1,393	\$0.92	\$0.27
Other Mink Purchased	1,723	1.14	0.33
Feed & Supplements	66,057	43.54	12.75
Vet & Medicine	1,901	1.25	0.37
Supplies	2,920	1.92	0.56
Marketing	11,668	7.69	2.25
On-Farm Pelting	5,239	3.45	1.01
Custom Pelting	16,049	10.58	3.10
Hired Labour (Non-Pelting)	31,431	20.72	6.07
Truck & Machinery - Fuel & Repairs	6,964	4.59	1.34
Building Repairs	2,118	1.40	0.41
Utilities	4,753	3.13	0.92
Interest on Operating Loans	7,074	4.66	1.37
Other Cash Operating Costs	2,034	1.34	0.39
<b>TOTAL VARIABLE COSTS</b>	<b>\$161,322</b>	<b>\$106.33</b>	<b>\$31.15</b>
<b>CONTRIBUTION MARGIN (Note 2)</b>	<b>\$52,284</b>	<b>\$34.46</b>	<b>\$10.09</b>
<b>FIXED COSTS</b>			
Term Leases & Rentals	\$229	\$0.15	\$0.04
Insurance & Taxes	2,131	1.40	0.41
Interest on Long-Term Debt	5,034	3.32	0.97
Depreciation	18,772	12.37	3.62
<b>TOTAL FIXED COSTS</b>	<b>\$26,166</b>	<b>\$17.25</b>	<b>\$5.05</b>
<b>TOTAL COSTS</b>	<b>\$187,488</b>	<b>\$123.57</b>	<b>\$36.20</b>
<b>NET INCOME (LOSS) (Note 3)</b>	<b>\$26,118</b>	<b>\$17.21</b>	<b>\$5.04</b>

\* Number of females is determined by averaging the beginning and ending number of females.

\*\* The number of mink produced equals total pelt sales + breeding stock sales + other mink sales + ending inventory of breeding stock and pelt carry over - beginning inventory of breeding stock and pelt carry over.

Note 1: All US dollars were converted into Canadian dollars using the actual exchange that the producer received at the time of payment.

Note 2: Contribution Margin: Total farm cash revenues less total farm variable costs. This is the amount available to cover fixed costs and profit.

Note 3: Net Income = Return to operator and unpaid family labour, management and equity capital.

**1998 Mink Farm Business Analysis**

**Balance Sheet**

<b>ASSETS</b>		
	<b>1998</b>	<b>1997</b>
<b>CURRENT ASSETS</b>		
Cash	\$26,725	\$15,733
Accounts Receivable (Note 1)	123,208	139,151
Inventory (Note 2)		
Mink, Pelts		
Feed	0	625
Other Current Assets	13,588	10,479
<b>TOTAL CURRENT ASSETS</b>	<b>\$163,521</b>	<b>\$165,988</b>
<b>LONG TERM ASSETS</b>		
Breeding Stock	\$120,773	\$113,032
Machinery & Equipment (Note 3)	52,821	57,164
Land, Buildings, and Pens (Note 3)	87,597	89,494
Other Fixed Assets	24,536	19,674
<b>TOTAL LONG TERM ASSETS</b>	<b>\$285,727</b>	<b>\$279,364</b>
<b>TOTAL ASSETS</b>	<b>\$449,248</b>	<b>\$445,352</b>
<b>LIABILITIES AND OWNERS' EQUITY</b>		
<b>CURRENT LIABILITIES (Note 4)</b>	<b>\$99,252</b>	<b>\$75,156</b>
<b>LONG TERM LIABILITIES</b>	<b>73,062</b>	<b>66,257</b>
<b>TOTAL LIABILITIES</b>	<b>\$172,314</b>	<b>\$141,413</b>
<b>OWNERS' EQUITY</b>	<b>\$276,934</b>	<b>\$303,939</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<b>\$449,248</b>	<b>\$445,352</b>

**Notes:**

Note 1: For purposes of this study, current income and expenses are recorded on an accrual basis. The pelts which were produced in the current year are sold at the sale the following year. These pelts appear as income in the current year and as accounts receivable at the fiscal year end. When payment is received for the pelts, it is debited to the cash account with a corresponding reduction in accounts receivable.

Note 2: Livestock inventory includes all pelts that were carried over from the previous year. Crops and supplies inventory includes all feed, and supplies on hand at year-end. Inventory values are based on Fair Market Value at fiscal year end.

Note 3: All depreciable assets are valued at "cost less accumulated depreciation", or book. Land is valued at its original cost or acreage x \$200. per acre.

Note 4: Current Liabilities include all debts that are due within one year, including the current portion of long term debt.

*1998 Mink Farm Business Analysis*

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**Financial Analysis**

<b>Financial Measure</b>		<b>1998</b>	<b>1997</b>
<b>1. Liquidity:</b>			
Current Ratio		1.65	2.21
Working Capital	(\$)	64,269	90,832
<b>2. Solvency:</b>			
Percent Equity	(%)	61.6	68.2
Debt to Equity Ratio		0.62	0.47
<b>3. Profitability:</b>			
Return on Assets	(%)	3.6	4.8
Return on Equity	(%)	1.7	5.3
Capital Turnover	(YRS)	2.10	1.82
<b>4. Financial Efficiency:</b>			
Interest as % of Revenue	(%)	5.67	3.53
Contribution Margin Ratio		0.24	0.14
Disposable Income	(\$)	42,807	31,201
<b>5. Miscellaneous Financial Analysis:</b>			
Total Assets (\$ per breeder female)		296.09	293.53
Total Liabilities (\$ per breeder female)		113.57	93.20

## Management Analysis

<b>Livestock Production</b>					
Pelts Sold	(#)	5,114	Pelts Produced per Female	(pl/hd)	3.4
Breeding Stock Sold	(hd)	9	Breeder Females Housed	(hd)	1,517
Other Mink Sold	(hd)	0	Breeder Males Housed	(hd)	316
Number of Pelt Sales per Breeder Female	(pl/hd)	3.4	Females per Male	(hd)	4.8
			Total Milk Produced	(hd)	5,180
<b>Labour Analysis</b>					
Hired Labour Units (2)	(PE's)	1.6	Hired Labour Expense	(\$)	35,784
Unpaid Family Labour Units	(PE's)	0.1	Hired Labour Wage Rate	(\$/hr)	8.75
Number of Operators (3)	(PE's)	1.0	Pelting Labour Expense	(\$)	4,354
Total Labour Units	(PE's)	2.6	Breeder Females Per Person		
Milk Produced per Person	(hd)	1,957	Equivalent	(hd)	573
<b>Analysis of Sales</b>					
<b>Average Price Of:</b>					
Dark Male Pelts	(\$)	39.14	<b>Pelt Size As A Percentage of Total Pelts</b>		
Dark Female Pelts	(\$)	35.22	(0/1)	<b>Male</b>	<b>Female</b>
All Dark Pelts	(\$)	37.18	2	39.9	0.0
Mutations	(\$)	33.82	3	8.0	2.4
Breeder Pelts	(\$)	42.06	4	1.1	35.7
			5	0.1	10.9
			Total	0.3	1.9
				49.3	51.0
<b>Pelt Quality</b>					
Male Pelts	(%)	49.6	Select Maj/BIGlama	<b>Male</b>	<b>Female</b>
Female Pelts	(%)	49.3	Majestic/Glama	48.3	53.6
Breeder Pelts	(%)	1.2	Mutations	17.1	16.6
Total	(%)	100.0	Standard/Low Grade	8.5	7.0
			Total	26.1	22.8
				100.0	100.0
<b>Net Cost of Production</b>					
			<b>Per Farm</b>	<b>Per Female</b>	<b>Per Mink Produced</b>
Total Cash Expenses			\$168,716	\$111.20	\$32.57
Plus: Depreciation			18,772	12.37	3.62
Inventory Change (Feed, Supplies)			3,500	2.31	0.68
Interest on Average Equity @ 6.0%			17,426	11.49	3.36
Unpaid Family Labour			1,540	1.01	0.30
Operator Labour			20,800	13.71	4.02
Less: Other Income			13,733	9.05	2.65
<b>Net Cost of Producing Mink</b>			<b>\$217,021</b>	<b>\$143.04</b>	<b>\$41.90</b>

(1) The number of breeder males and the number of breeder females is determined by averaging the beginning and ending number of males or females kept for breeding.

*Swine  
Farm Business  
Management  
Analysis*

*Farrow to Finish*



1998 Swine Farm Business Analysis - Farrow To Finish

Income Statement

REVENUE	Head Shipped	Total	Per Sow	Percent of Total Revenue
Market Hogs	3484	\$398,525	\$1,763.39	59.76
Weanlings	820	41,104	181.88	6.16
Gilts - Breeding Stock	125	23,833	105.46	3.57
Boars - Breeding Stock	3	1,545	6.84	0.23
Cull Sows	95	13,351	59.08	2.00
Cull Boars	4	334	1.48	0.05
Other Hogs	55	6,631	29.34	0.99
<b>TOTAL HOG SALES</b>		<b>\$485,324</b>	<b>\$2,147.45</b>	<b>72.78</b>
Risk Management Payments		126,773	560.94	19.01
Pooling Adjustment		224	0.99	0.03
Other Assistance Programs		4,763	21.08	0.71
Other Income		42,496	188.03	6.37
<b>TOTAL CURRENT INCOME</b>		<b>\$659,579</b>	<b>\$2,918.49</b>	<b>98.91</b>
Value of Inventory Change		7,257	32.11	1.09
<b>TOTAL REVENUE</b>		<b>\$666,836</b>	<b>\$2,950.60</b>	<b>100.00</b>
<b>VARIABLE EXPENSES</b>				
Feed Purchased		\$374,505	\$1,657.10	56.16
Swine Purchased		26,928	119.15	4.04
Hired Labour		56,917	251.84	8.54
Bedding		656	2.90	0.10
Vet and Drugs		10,969	48.53	1.64
Hog Supplies		4,087	18.08	0.61
Risk Management Payments		10,435	46.17	1.56
Marketing Costs		5,105	22.59	0.77
Utilities		18,796	83.17	2.82
Truck & Machinery*		11,459	50.70	1.72
Auto Expense		6,943	30.72	1.04
Interest - Operating		7,395	32.72	1.11
Professional Fees		2,588	11.45	0.39
Miscellaneous		3,811	16.86	0.57
Other Non-Hog Expenses		26,624	117.80	3.99
<b>TOTAL VARIABLE EXPENSES</b>		<b>\$567,215</b>	<b>\$2,509.80</b>	<b>85.06</b>
<b>CONTRIBUTION MARGIN</b>		<b>\$99,621</b>	<b>\$440.80</b>	<b>14.94</b>
<b>FIXED EXPENSES</b>				
Leases and Rentals		\$2,794	\$12.36	0.42
Building & Equipment Repairs		10,560	46.72	1.58
Depreciation		32,261	142.75	4.84
Interest - Term Loans		29,722	131.51	4.46
Taxes		3,961	17.53	0.59
Insurance		6,918	30.61	1.04
<b>TOTAL FIXED EXPENSES</b>		<b>\$86,214</b>	<b>\$381.48</b>	<b>12.93</b>
<b>TOTAL EXPENSES</b>		<b>\$653,429</b>	<b>\$2,891.28</b>	<b>97.99</b>
<b>NET FARM INCOME (LOSS)</b>		<b>\$13,407</b>	<b>\$59.32</b>	<b>2.01</b>

\* Truck and Machinery includes the hog shipping charges.

Balance Sheet

ASSETS	Ending	Beginning
<b>Current Assets</b>		
Cash On Hand	\$28,671	\$10,714
Accounts Receivable	11,254	14,000
Inventory		
Production Livestock	132,287	126,688
Feed	13,531	14,397
Other Current Assets	14,710	14,306
<b>TOTAL CURRENT ASSETS</b>	<b>\$200,453</b>	<b>\$180,105</b>
<b>Long Term Assets</b>		
Breeding Livestock	\$63,980	\$61,457
Machinery & Equipment	64,551	55,396
Land & Buildings	297,703	273,459
Other Fixed Assets	44,907	37,685
<b>TOTAL LONG TERM ASSETS</b>	<b>\$471,141</b>	<b>\$427,997</b>
<b>TOTAL ASSETS</b>	<b>\$671,594</b>	<b>\$608,102</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		
Current Liabilities	\$110,275	\$106,211
Long Term Liabilities	\$469,548	\$391,431
<b>TOTAL LIABILITIES</b>	<b>\$579,824</b>	<b>\$497,642</b>
Beginning Equity	\$110,460	
+ Net Income	13,407	
- Withdrawal's	(32,096)	
<b>OWNER'S EQUITY</b>	<b>\$91,771</b>	<b>\$110,460</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<b>\$671,594</b>	<b>\$608,102</b>

Financial Analysis

Financial Measure	Ending	Beginning
1. Liquidity:		
Current Ratio	1.82	1.70
Working Capital	\$90,178	\$73894
2. Solvency:		
Percent Equity	13.7%	18.2%
Debt/Equity Ratio	6.32	4.51
Assets per Sow	\$2,972	
Debt per Sow	\$2,566	
3. Profitability:		
Return on Assets	4.6%	
Return on Equity	-7.5%	
Capital Turnover	1.01	
4. Financial Efficiency		
Interest as % of Revenue	5.6%	
Contribution Margin	14.9%	

1998 Swine Farm Business Analysis - Farrow To Finish

Production Analysis

(A) Cost of Production	Total	Per Sow
Total Farm Expenses	\$653,429	\$2,891.28
Plus: Adj. for Livestock Inventory Change	(5,599)	(24.78)
Less: Non Hog Expenses	26,624	117.80
Cull Sales	13,685	60.55
Hog Purchases	8,924	39.49
<b>Total Costs</b>	<b>\$598,597</b>	<b>\$2,766.46</b>
Total Kgs. of Pork Produced (L.W.)	397,277	
Average Cost of Production (L.W.)	\$1.51	
Average Cost of Production (D.W.)	\$1.93	

(B) Inventory Flow	Boars	Sows	Piglets	Production Stock*
Beginning Inventory	10	221	343	1,645
+ Purchases/Births	2	60	5,369	188
+ Transfers In	-	50	-	4,701
+ Transfers Out	-	-	4,701	50
- Sales	4	95	-	44.88
- Deaths	-	7	700	220
- Ending Inventory	10	230	311	1,705
Discrepancy	(2)	0	0	70

(C) Livestock Production Analysis		
<b>Farrowing Unit</b>		
Pigs Born	5,735	
Pigs Born Alive	5,369	
Still Births (#)	366	
Still Births (%)	6.4	
<b>Breeding Herd Performance</b>		
Number of Litters	509	
Average Number of Sows	226	
Litters per Sow	2.25	
Pigs Born Per Litter	11.3	
Pigs Born Alive/Litter	10.6	
Pigs Weaned/Litter	9.2	
Pigs Marketed/Sow	20.3	
<b>Weaner &amp; Finishing Unit</b>		
Weaner & Feeder Hog Mortality		
Number	220	
Percent	4.7	
<b>Inventory Discrepancy</b>		
Number		70
Percent		1.5

\* Production Stock includes Weaners, Feeders and Breeding Stock.

1998 Swine Farm Business Analysis - Farrow To Finish

**(D) Feed Usage Analysis**

Sow Ration Fed per Sow & Boar	(kgs)	1,051
Total Kgs. Of Pork Produced (L.W.)	(kgs)	397,277
Total Kgs. Of Feed Consumed		1265,236
Feed Conversion - Creep, Starter & Grower		2.56
Feed Conversion - Total Feed (L.W.)		3.18

**FARROWING UNIT (PER WEAENER PIG TRANSFERRED TO FINISHING OR SOLD)**

	Kgs. Per Head	Dollars Per Head	Cost Per Tonne Fed
Creep	3.71	2.46	\$661.65
Starter	31.10	10.96	\$352.23
Sow & Boar Feed	52.70	14.68	\$278.45
Total Feed per Pig Weaned	87.52	28.09	

**FINISHING UNIT (PER HOG MARKETED)**

Starter	13.34	4.70	\$352.23
Grower	151.38	44.16	\$291.74
Finisher	68.06	18.41	\$270.53
Total Feed per Finished Hog	232.78	67.28	
<b>TOTAL FEED (FARROW TO FINISH)</b>	<b>320.30</b>	<b>95.36</b>	<b>\$297.72</b>

**(E) RISK MANAGEMENT ANALYSIS**

Market Hog Equivalents Calculation	Hd Shipped	MHE Factor	Market Hog Equivalents
Market Hogs Sold	3,484	1.00	3,484
Weaner Pigs Sold	820	0.33	273
Breeding Stock Sales	128	1.20	154
Culls & Other Sales	154	0.75	116
<b>Total Market Hog Equivalents Produced</b>			<b>4027</b>
<b>Calculation of Costs:</b>			
<b>Additional Costs</b>			
Total Farm Expenses		Total	\$162.24
Plus: Adj. For Livestock Inv. Change		\$653,429	
Less: Non-Hog Expenses		-5,599	-1.39
Total Costs		26,624	6.61
Less: Feed Expenses		\$621,206	\$154.24
		374,505	92.99
<b>Total "Additional Costs" (Excl. Feed)</b>		<b>\$246,701</b>	<b>\$61.25</b>
<b>Return to Operator Labour:</b>			
Operator Labour Rate per Person Equiv.		Total	8.69
Operator Labour Person Equivalent		35,000	0.98
<b>Value for Operator Labour Cost</b>		<b>\$34,344</b>	<b>\$8.54</b>
<b>Feed Cost Calculation:</b>			
Feed Conversion D.W.	(Kgs Feed/Kgs Pork)		3.98
Average D.W. per Market Hog	(kgs)	83.22	83.22
Total Feed per Market Hog	(kgs)	331.30	331.30
Average Feed Cost per Tonne*		293.46	293.46
Feed Cost per Market Hog Equivalent *		\$97.22	\$97.22
<b>Total Costs per Market Hog Equivalent</b>			<b>\$167.00</b>

\* Feed Costs are based on feed expense for the entire year. The RMS calculation uses actual costs of feed ingredients as they occur each week.

### Management Analysis

(F) Labour		
Labour Person Equivalents	(#)	3.18
Hogs Produced per Person (L.W.)	(Kgs)	124,914
Gross Farm Income per Person	(\\$)	209,669
Sows Kept Per Person*	(#)	71
Total Pigs Produced per Person	(#)	1,446
Net Income per Operator	(\\$)	13,663

### Market Analysis

(G) Market Analysis		
Ave. L.W. of Market Hogs Sold	(Kgs)	104.03
Average D.W. per Market Hog	(Kgs)	83.22
Average Carcass Grade Index		108.10
Average Market Price For Your Operation		\\$1.37
Market Return per Hog Marketed		\$114.38
Risk Management Payments		36.38
Pooling Adjustment		0.06
Freight Assistance, Cap Payments		0.00
Total Return per Market Hog		\$150.83
Weaner Price Received	(Per Weaner)	\$50.12
Breeding Stock Sale Prices		
Gilts		\$189.97

*Swine  
Farm Business  
Management  
Analysis*

*Finishing*

Income Statement

Revenue	Head Shipped	Total	Per Sow	Percent Of Total Revenue
Market Hogs	4,349	\$493,761	\$113.10	71.0
Other Hogs	17	1,220	0.28	0.2
<b>TOTAL HOG SALES</b>		<b>\$494,980</b>	<b>113.38</b>	<b>71.2</b>
Risk Management Payments		166,108	38.05	23.9
Pooling Adjustment		212	0.05	0.0
Other Assistance Programs		6,967	1.60	1.0
Other Income		18,696	4.28	2.7
<b>TOTAL CURRENT INCOME</b>		<b>686,963</b>	<b>157.35</b>	<b>98.8</b>
Value of Inventory Change		8,109	1.86	1.2
<b>TOTAL REVENUE</b>		<b>\$695,071</b>	<b>\$159.21</b>	<b>100.0</b>
<b>VARIABLE EXPENSES</b>				
Feed Purchased		\$309,713	\$70.94	44.6
Swine Purchased		228,862	52.42	32.9
Hired Labour		29,795	6.82	4.3
Bedding		66	0.02	0.0
Vet and Drugs		3,068	0.70	0.4
Hog Supplies		2,186	0.50	0.3
Marketing Costs		17,573	4.03	2.5
Risk Management Service		6,043	1.38	0.9
Utilities		7,111	1.63	1.0
Machinery Expense		2,345	0.54	0.3
Auto Expense		5,390	1.23	0.8
Professional Fees		1,369	0.31	0.2
Lease & Rental		3,907	0.89	0.6
Interest - Operating		4,941	1.13	0.7
Miscellaneous		6,371	1.46	0.9
Other Non-Hog Expenses		6,138	1.41	0.9
<b>TOTAL VARIABLE EXPENSES</b>		<b>\$634,877</b>	<b>\$145.42</b>	<b>91.3</b>
<b>CONTRIBUTION MARGIN</b>		<b>\$60,195</b>	<b>\$13.79</b>	<b>8.7</b>
<b>FIXED EXPENSES</b>				
Building & Equipment Repairs		\$4,940	\$1.13	0.7
Depreciation		28,067	6.43	4.0
Interest - Term Loans		13,750	3.15	2.0
Taxes		1,974	0.45	0.3
Insurance		4,576	1.05	0.7
<b>TOTAL FIXED EXPENSES</b>		<b>\$53,306</b>	<b>\$12.21</b>	<b>7.7</b>
<b>TOTAL EXPENSES</b>		<b>\$688,182</b>	<b>\$157.63</b>	<b>99.0</b>
<b>NET FARM INCOME (LOSS)</b>		<b>\$6,889</b>	<b>\$1.58</b>	<b>1.0</b>

1998 Swine Farm Business Analysis - Finishing

Balance Sheet

Assets	Ending	Beginning
<b>Current Assets</b>		
Cash On Hand	3,633	5,674
Accounts Receivable	11,315	10,913
Inventory		
Livestock	13,4248	
Feed	35,571	
Other Current Assets	2,989	6,265
<b>TOTAL CURRENT ASSETS</b>	<b>\$187,756</b>	<b>\$184,753</b>
<b>Long Term Assets</b>		
Machinery & Equipment	65,441	61,869
Land & Buildings	155,337	124,982
Other Fixed Assets	33,204	24,960
<b>TOTAL LONG TERM ASSETS</b>	<b>\$253,981</b>	<b>\$211,810</b>
<b>TOTAL ASSETS</b>	<b>\$441,737</b>	<b>\$396,564</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		
Current Liabilities	89,631	77,521
Long Term Liabilities	260,066	212,149
<b>TOTAL LIABILITIES</b>	<b>\$349,697</b>	<b>\$289,670</b>
Beginning Equity	106,894	
+ Net Income	6,889	
- Withdrawals	(21,743)	
<b>OWNERS' EQUITY</b>	<b>\$92,040</b>	<b>\$106,894</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<b>\$441,737</b>	<b>\$396,564</b>

1998 Swine Farm Business Analysis - Finishing

Financial Analysis

Financial Measure	Ending	Beginning
1. <b>Liquidity:</b> Current Ratio	2.09	2.38
Working Capital	\$98,125	\$107,233
2. <b>Solvency:</b> Percent Equity	21%	27%
Debt/Equity Ratio	3.8	2.7
Debt per Market Hog Equivalent	\$72.23	
3. <b>Profitability:</b> Return on Assets*	-1.5%	
Return on Equity	-6.3%	
Capital Turnover	1.57	
4. <b>Financial Efficiency</b>		
Interest as % of Revenue	0.0	
Contribution Margin	8.7%	
Term Debt Coverage Ratio	-0.52	

Production Analysis

(A) Cost Of Production	Total	Per Market Hog
Total Farm Expenses	\$688,182	\$155.49
Less: Other Income	6,138	1.39
Plus: Adj. for Inventory Change	(8,109)	(1.83)
Return on Owners' Equity (@5%)	7,646	1.73
Unpaid Operator & Family Labour	13,125	2.97
<b>Total Costs</b>	<b>\$694,706</b>	<b>\$156.96</b>
Total Kgs. of Pork Produced (Kgs. L.W.)	378717	85.6
Average Cost of Production (\$/Kg. D.W.)	2.29	2.29

(B) Market Analysis		
Ave. D.W. per Market Hog	(Kgs)	83.36
Average Carcass Grade Index	(Kgs)	108.5
Average Market Price for Your Operation	(\$/Kg)	1.36
Market Return per Hog Marketed		\$113.53
Risk Management Payments		38.19
Pooling Adjustment		0.05
Freight Assistance, Cap Payments		0.00
Total Return per Market Hog		\$151.77
Average Total Return	(\$Kg)	\$1.82

## 1998 Swine Farm Business Analysis - Finishing

### (C) Feed Use

Feed Cost/Kg Produced (L.W.)		(\$/Kg)	\$0.83
Feed Cost/100 Kgs of Gain (D.W.)		(\$/100 Kg)	\$104.02
Feed Cost/100 Kgs of Gain (L.W.)		(\$/100 Kg)	\$83.22
Feed Conversion - Starter & Grower L.W.		(Feed/Gain)	\$3.07
			Cost Per
		Kgs. Per	Tonne
		Hog	Fed
Starter Ration	41	\$12.55	\$304.32
Grower Ration	179	\$47.66	\$265.90
Finisher Ration	42	\$10.99	\$261.04
Total Feed	263	\$71.21	

### (D) Labour

Labour Person Equivalents*	(#)	1.7
Operator & Family Labour Equiv.	(#)	0.6
Production per Person (L.W.)	(Kgs)	229,526
Gross Farm Income per Person	(\\$)	421,255
Net Income per Operator & Family Labour	(\\$)	11,023
Market Hog Equivalents Per Person	(#)	2,682

\* One PE (Person Equivalent) is equal to one full time person for one year.

### Production Analysis

(E) Inventory			
Purchases of Weaners	(Hd)	4,615	
Feeder Hog Mortality	(Hd)	114	
Inventory Discrepancy	(Hd)	(15)	
Market Hog Equivalents*	(Hd)	4,426	
Inventory Change	(Hd)	250	
Market Hogs Sold	(Hd)	4349	
			2.56%

\* Note: Market Hog Equivalents = Market Hogs Sold + Other Hogs Sold  
+ (Ending Inventory - Beginning Inventory) ÷ 2

*Swine  
Farm Business  
Management  
Analysis*

*Sow-Weanling*



1998 Swine Farm Business Analysis - Sow-Weanling

Income Statement

Revenue	Head Shipped	Total	Per Sow	Per Weaner Produced
Weanlings	3,602	\$179,045	\$941.93	\$49.71
Market Hogs	163	17,589	92.53	4.88
Cull Sows	61	9,024	47.48	2.51
Cull Boars	2	145	0.76	0.04
Other Hogs	10	574	3.02	0.16
<b>TOTAL HOG SALES</b>		<b>\$206,377</b>	<b>\$1,085.72</b>	<b>\$57.30</b>
Risk Management Payments		7,605	40.01	2.11
Pooling Adjustment		7	0.04	0.00
Other Assistance Programs		5,958	31.35	1.65
Other Income		6,014	31.64	1.67
<b>TOTAL CURRENT INCOME</b>		<b>\$225,962</b>	<b>\$1,188.75</b>	<b>\$62.74</b>
Value of Inventory Change		10,068	52.97	2.80
<b>TOTAL REVENUE</b>		<b>\$236,030</b>	<b>\$1,241.72</b>	<b>\$65.53</b>
<b>VARIABLE EXPENSES</b>				
Feed Purchased		\$107,316	\$564.57	\$29.79
Swine Purchased		17,798	93.63	4.94
Hired Labour		20,219	106.37	5.61
Bedding		1,405	7.39	0.39
Vet and Drugs		7,849	41.29	2.18
Hog Supplies		3,275	17.23	0.91
Marketing Costs		819	4.31	0.23
Utilities		9,704	51.05	2.69
Truck & Machinery Expense		1,215	6.39	0.34
Auto Expense		1,569	8.25	0.44
Interest - Operating		3,007	15.82	0.83
Miscellaneous		3,509	18.46	0.97
Other Non-Hog Expenses		2,519	13.25	0.70
<b>TOTAL VARIABLE EXPENSES</b>		<b>\$180,203</b>	<b>\$948.02</b>	<b>\$50.03</b>
<b>CONTRIBUTION MARGIN</b>		<b>\$55,827</b>	<b>\$240.73</b>	<b>\$12.70</b>
<b>FIXED EXPENSES</b>				
Rental / Lease / Custom Work		\$1,769	\$9.30	\$0.49
Building & Equipment Repairs		4,972	26.16	1.38
Depreciation		17,647	92.84	4.90
Interest - Term Loans		13,742	72.30	3.82
Taxes		1,500	7.89	0.42
Insurance		2,121	11.16	0.59
<b>TOTAL FIXED EXPENSES</b>		<b>\$41,751</b>	<b>\$219.64</b>	<b>\$11.59</b>
<b>TOTAL EXPENSES</b>		<b>\$221,953</b>	<b>\$1,167.66</b>	<b>\$61.62</b>
<b>NET FARM INCOME (LOSS)</b>		<b>\$14,077</b>	<b>\$74.06</b>	<b>\$3.91</b>

1998 Swine Farm Business Analysis - Sow-Weanling

Balance Sheet

Assets	Ending	Beginning
<b>Current Assets</b>		
Cash On Hand	\$955	\$1,753
Accounts Receivable	3,142	6,459
Inventory		
Livestock	26,470	
Feed	8,816	
Other Current Assets	35,286	30,034
	823	764
<b>TOTAL CURRENT ASSETS</b>	<b>\$40,206</b>	<b>\$39,009</b>
<b>Long Term Assets</b>		
Breeding Livestock	\$54,833	\$50,017
Machinery & Equipment	31,863	35,364
Land & Buildings	102,752	104,383
Other Fixed Assets	18,310	19,478
<b>TOTAL LONG TERM ASSETS</b>	<b>\$207,758</b>	<b>\$209,241</b>
<b>TOTAL ASSETS</b>	<b>\$247,964</b>	<b>\$248,250</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		
Current Liabilities	\$35,064	\$49,858
Long Term Liabilities	\$156,777	\$154,561
<b>TOTAL LIABILITIES</b>	<b>\$191,841</b>	<b>\$204,419</b>
Owners' Equity - Beginning	43,832	
+ Net Income	14,077	
- Owners' Net Contributions (Withdrawals)	(1,786)	
<b>OWNERS' EQUITY</b>	<b>\$56,123</b>	<b>\$43,832</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<b>\$247,964</b>	<b>\$248,250</b>

Financial Analysis

Financial Measure	Ending	Beginning
1. Liquidity:		
Current Ratio	1.15	0.78
Working Capital	(9652)	—
2. Solvency:		
Percent Equity	22.6%	17.7%
Debt/Equity Ratio	3.4	4.7
Assets per Sow	\$1242	\$1375
Debt per Sow	\$961	\$1133
3. Profitability:		
Return on Assets*	4.5%	
Return on Equity	-11.1%	
Capital Turnover	1.05	
4. Financial Efficiency		
Interest as % of Revenue	7.1%	
Contribution Margin	23.7%	
Term Debt Coverage Ratio	N/A	

1998 Swine Farm Business Analysis - Sow-Weanling

Production Analysis

(A) Cost Of Production	Total	Per Sow
Total Farm Expenses	\$221,953	\$1,167.66
Plus: Adj. for Lvstk. Inventory Change	(9,720)	(51.14)
Less: Cull Sales	9,169	48.24
Hog Purchases	0	0.00
<b>Total Costs</b>	<b>\$203,064</b>	<b>\$1,068.29</b>
Total Kgs. of Weaner Produced (Kgs. L.W.)	93,356	491
Average Cost of Production: Per Kilogram	\$2.18	
Per Weaner	\$51.84	

(B) Inventory Flow	Boars	Sows	Piglets	Production Stock*
Beginning Inventory	8	181	294	351
+ Purchases/Births	2	57	4,600	0
+ Transfers In		32		4,046
+ Transfers Out			4,046	32
- Sales	2	61		3,765
- Deaths		8	584	110
- Ending Inventory	8	200	263	462
Discrepancy	0	0	0	29

(C) Livestock Production Analysis		
<b>Farrowing Unit</b>		
Pigs Born	4900	
Still Births (#)	300.3	Suckling Deaths
Still Births (%)	6.1%	Suckling Mortality
Pigs Born Alive	4600	Pigs Weaned
<b>Breeding Herd Performance</b>		
Number of Litters	430	Average # of Boars
Average Number of Sows	190	Sows per Boar
Litters per Sow	2.3	Sow Cull Rate
Pigs Born per Litter	11.4	Born per Sow
Pigs Born Alive per Litter	10.7	Born Alive per Sow
Pigs Marketed per Sow	20.6	Weaned per Sow
<b>Weaner &amp; Finishing Unit</b>		
Weaner & Feeder Hog Mortality		Inventory Discrepancy
Number	110	Number
Percent	2.8%	Percent
		29
		0.7%

\* Production Stock includes Weaners, Feeders and Breeding Stock.

1998 Swine Farm Business Analysis - Sow-Weanling

<b>(D) Livestock Analysis</b>		
Average L.W. per Weanling Sold	(kg)	21.12
Market Return per Weaner	(\\$)	49.71

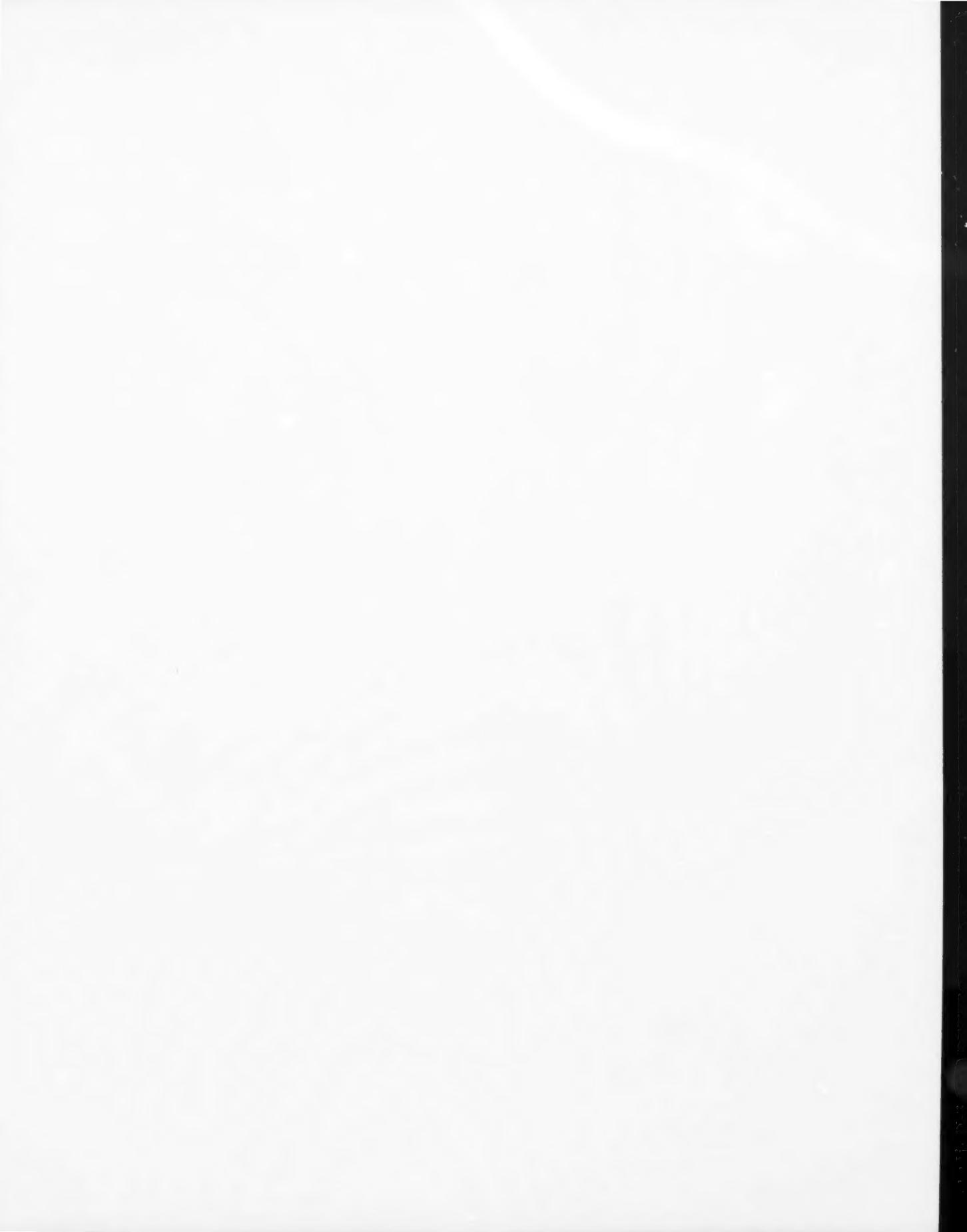
  

<b>(E) Labour</b>		
Labour Person Equivalents	(#)	1.85
Weaners Produced Per Person	(Kgs)	50,463
Weaners Produced Per Person	(#)	2,117
Sows Kept Per Person*	(#)	103
Gross Farm Income Per Person	(\\$)	127,584

\* One PE (Person Equivalent) is equal to one full time person for one year.

<b>(F) Feed Analysis</b>			
<b>Farrowing Unit (Per Weaner Pig Transferred to Finishing or Sold)</b>			
	<b>Kgs</b>	<b>Dollars</b>	<b>Per Tonne</b>
Creep Feed	1.57	\$1.20	\$764.33
Starter	16.22	\$6.61	\$407.52
Sow & Boar Feed	58.45	\$16.05	\$274.59
Total Feed per Weaner	76.24	\$23.86	
Feed per Sow & Boar	1157.00	\$317.70	

*Tree Fruit  
Farm Business  
Management  
Analysis*



**Income Statement**

	<b># Bushels</b>	<b>Total \$'s</b>	<b>\$/Total Bus.</b>	<b>% of Total</b>
Fresh Apple Sales	10,829	\$78,869	\$3.77	60.56
U-Pick Apple Sales	68	687	0.03	0.53
Processed Apples	5,618	28,110	1.34	21.58
Juice/Cider Apples	4,418	7,732	0.37	5.94
<b>Total Apples Sales</b>	<b>20,933</b>	<b>\$115,398</b>	<b>\$5.51</b>	<b>88.60%</b>
Tripartite Stabilization Income		\$0	\$0.00	0.00
Crop Insurance Income		506	0.02	0.39
Rootstalk/Tree Subsidies		574	0.03	0.44
Other Apple Subsidies		2,333	0.11	1.79
Misc. Apple Income		3,245	0.16	2.49
<b>Other Apple Revenue</b>		<b>\$6,659</b>	<b>\$0.32</b>	<b>5.11%</b>
Other Tree Fruits		\$1,879	\$0.09	1.44
Other Crops		4,899	0.23	3.76
Miscellaneous Income		1,406	0.07	1.08
<b>Total Non-Apple Revenue</b>		<b>\$8,183</b>	<b>\$0.39</b>	<b>6.28%</b>
<b>Total Farm Revenue</b>		<b>\$130,240</b>	<b>\$6.22</b>	<b>100.0%</b>

## Statement of Expenses

	Total \$'s	\$'s Per Bushel	% of Total
Harvesting Labour	\$21,547	\$1.03	16.62
Other Labour	22,947	1.10	17.70
Spray:   Herbicides	1,809	0.09	1.39
Insecticides	5,528	0.26	4.26
Fungicides	9,272	0.44	7.15
Other	3,029	0.14	2.34
Fertilizers & Lime	4,511	0.22	3.48
Containers & Bins	2,045	0.10	1.58
Rootstalk & Trees	2,783	0.13	2.15
New Orchard Expense	1,347	0.06	1.04
Bee Rental	291	0.01	0.22
Other Orchard Expenses	1,571	0.08	1.21
Fuel & Lubricants	2,981	0.14	2.30
Tractor & Machinery Repair	5,296	0.25	4.08
Truck & Vehicle Expense	1,927	0.09	1.49
Building & Bin Repair	1,000	0.05	0.77
Custom Work & Trucking	1,841	0.09	1.42
Specialized Services	1,035	0.05	0.80
Rental Expense	3,858	0.18	2.97
Office Expense	605	0.03	0.47
Insurance	1,598	0.08	1.23
Utilities	1,926	0.09	1.49
Crop Insurance	2,044	0.10	1.58
Fees & Licenses	739	0.04	0.57
Property Taxes	656	0.03	0.51
Interest Expense: Operating	2,116	0.10	1.63
Interest Expense: Term	5,328	0.25	4.11
Miscellaneous Expense	2,722	0.13	2.10
<b>Total Apple Related Expenses</b>	<b>\$112,350</b>	<b>\$5.37</b>	<b>86.64%</b>
Other Tree Fruits Expense	\$337	\$0.02	0.26
Other Crops Expense	2,316	0.11	1.79
Miscellaneous Non-Apple	805	0.04	0.62
<b>Total Non-Apple Expense</b>	<b>\$3,458</b>	<b>\$0.17</b>	<b>2.67%</b>
<b>Total Cash Expenses</b>	<b>\$115,808</b>	<b>\$5.53</b>	<b>89.31%</b>
Building Depreciation	\$1,295	\$0.06	1.00
Machinery & Equipment Depreciation	12,574	0.60	9.70
<b>Total Depreciation</b>	<b>\$13,869</b>	<b>\$0.66</b>	<b>10.69%</b>
<b>Total Farm Expenses</b>	<b>\$129,677</b>	<b>\$6.19</b>	<b>100.00%</b>

**Income Summary**

	<b>Total \$'s</b>	<b>\$'s Per Bushel</b>
<b>Total Farm Revenue</b>	<b>\$130,240.00</b>	<b>\$6.22</b>
<b>Total Cash Expenses</b>	<b>115,808.24</b>	<b>5.53</b>
<b>Net Cash Income</b>	<b>\$14,431.76</b>	<b>\$0.69</b>
<b>Plus: Inventory Change, Supplies</b>	<b>\$208.33</b>	<b>\$0.01</b>
<b>Less: Depreciation Expense</b>	<b>13,868.83</b>	<b>0.66</b>
<b>Net Farm Income</b>	<b>\$771.26</b>	<b>\$0.04</b>
1. Less: Cost for Unpaid Family Labour	1,867.68	0.09
Less: Interest on Equity @ 6%	8,039.48	0.38
2. Labour and Management Income	(\$9,135.90)	(\$0.44)
1. Unpaid family labour is charged at the farm rates for harvesting and other labour. Management labour was charged at \$12 per hour.		
2. Labour and Management Income represents the amount of income left the operator for his labour and management skills.		

**Net Cost of Production**

Item	Total \$'s	\$'s Per Bushel
<b>Total Cash Expenses</b>	<b>\$115,808</b>	<b>\$5.53</b>
Less: Non-Apple Expenses	3,458	0.17
<b>Total Apple Cash Expenses</b>	<b>\$112,350</b>	<b>\$5.37</b>
<b>Total Cash Revenue</b>	<b>\$130,240</b>	<b>\$6.22</b>
Less: Non-Apple Sales	8,183	0.39
<b>Total Cash Sales (Apple Related)</b>	<b>\$122,057</b>	<b>\$5.83</b>
<b>Net Cash Return</b>	<b>\$9,707</b>	<b>\$0.46</b>
Apple Cash Expenses Plus: Depreciation	\$13,869	\$0.66
1. Inventory Change (Supplies)	208	0.01
Interest on Equity	8,039	0.38
Unpaid Family Labour	1,868	0.09
Operator Labour	14,280	0.68
<b>Equals: Net Cost of Producing Apples</b>	<b>\$150,615</b>	<b>\$7.20</b>
Total Bushels of Apples Sold	20,933	1
Total Pounds of Apples Sold	879,187	42
<b>Total Apple Sales</b>	<b>\$115,398</b>	<b>\$5.51</b>
<b>Net Return on Apple Sales</b>	<b>(\$35,217)</b>	<b>\$1.68)</b>
Plus: Crop Insurance	\$506	\$0.02
<b>Total Sales Including Stabilization</b>	<b>\$115,904</b>	<b>\$5.54</b>
<b>Net Return Including Stabilization</b>	<b>(\$34,711)</b>	<b>(\$1.66)</b>
Plus: Subsidy Income	\$2,908	\$0.14
<b>Total Sales Including Subsidy</b>	<b>\$118,811</b>	<b>\$5.68</b>
<b>Net Return Including Subsidy</b>	<b>(\$31,803)</b>	<b>(\$1.52)</b>
Plus: Miscellaneous Apple Income	\$3,245	\$0.16
<b>Total Sales Including Miscellaneous</b>	<b>\$122,057</b>	<b>\$5.83</b>
<b>Net Return Including Miscellaneous</b>	<b>(\$28,558)</b>	<b>(\$1.36)</b>
1. Ending supplies inventory less beginning supplies inventory.		
2. Operator labour was charged at \$12/hr. for management labour and \$8/hr. for other labour.		

**Balance Sheet at Book Values**

	<b>Beginning \$'s</b>	<b>Ending \$'s</b>
<b>Current Assets</b>		
Cash	\$5,043	\$2,366
Apple Sales Receivable	41,200	42,937
Supplies	417	625
Other Current Assets	2,348	4,899
<b>Total Current Assets</b>	<b>\$49,007</b>	<b>\$50,827</b>
<b>Term Assets</b>		
Orchard Land	\$64,110	\$65,364
Other Land	53,630	53,564
Farm Buildings	11,378	10,041
Machinery & Equipment	44,401	57,681
Other Term Assets	16,035	13,919
<b>Total Term Assets</b>	<b>\$189,553</b>	<b>\$200,568</b>
<b>TOTAL FARM ASSETS</b>	<b>\$238,561</b>	<b>\$251,395</b>
<b>Liabilities</b>		
Current Liabilities	\$29,681	\$37,036
Term Liabilities	68,043	87,214
<b>Total Liabilities</b>	<b>\$97,724</b>	<b>\$124,249</b>
<b>Owners' Equity</b>	<b>\$140,837</b>	<b>\$127,146</b>

**Financial Analysis**

		<b>1998</b>
<b>1.</b>	<b>Liquidity:</b>	
	Current Ratio	1.37
	Working Capital	\$ 13,791
<b>2.</b>	<b>Solvency:</b>	
	Percent Equity	% 50.6
	Debt to Equity Ratio	0.98
<b>3.</b>	<b>Profitability:</b>	
	Return on Assets	% 0.0
	Return on Equity	% 0.0
	Capital Turnover	Years 1.88
<b>4.</b>	<b>Financial Efficiency:</b>	
	Interest as of % of Revenue	% 5.72
	Disposable Income	\$ 19,759

Land Use Report

	Acres	
Orchard in Apples	59.96	
Orchard in Pears	3.83	
Orchard in Other Fruit	0.31	
<b>Total Orchard</b>	<b>64.10</b>	
Cropland and Pasture	52.46	
Woodland and Other	93.37	
<b>Total Land</b>	<b>209.93</b>	
Orchard in Apples, Bearing	52.69	
Orchard in Apples, Total	59.96	
% of Apple Acreage Bearing	87.88%	
Total Number of Trees	12,492	
Total Number of Bearing Trees	9,862	
Average Density on all Trees	Trees/Acre	208.34
Average Density on Bearing Trees	Trees/Acres	187.17
Average Age of Trees	Years	14.13

Apple Yields	Bushel/B. Acre	Bushel/Tree
Fresh Apples	206.80	1.10
Processing Apples	106.62	0.57
Cider/Juice Apples	83.85	0.45
<b>Total</b>	<b>397.27</b>	<b>2.12</b>

## Production &amp; Management Information

## Sales Information - Total Apple Sales by Variety\*

Variety	Average \$ Received Per Bushel
MacIntosh	6.79
Cortland	7.02
Ida Red	5.06
Gravenstein	6.56
Red Delicious	8.21
Cox Orange	8.00
All Varieties	5.51

\* Includes Fresh Sales, U-Pick and Processing.

## Yield by Variety

Variety	Bushels Produced	Bushels Per Acre
MacIntosh	7,238	399
Cortland	2,863	430
Ida Red	3,177	493
Gravenstein	1,475	352
Red Delicious	946	399
Northern Spy	3,175	478

## Labour Analysis

Operation	Total Hours	Hours Per Acre	Hours per Bin
Pruning - Summer	301	5.02	0.26
Pruning - Winter	1,278	21.31	1.10
Mowing	182	3.04	0.16
Fertilizing & Liming	72	1.20	0.06
Spraying	314	5.24	0.27
Repairs & Maintenance	270	4.51	0.23
Harvesting	3,340	55.71	2.87
Management	1,055	17.59	0.91
Other	672	11.20	0.58
<b>TOTAL</b>	<b>7,484</b>	<b>124.8</b>	<b>6.44</b>

## Average Wage Rate

Operation	\$/Hour
Harvest Rate	\$8.28
All Other Labour	\$9.82